GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2824
ANSWERED ON:02.12.2016
CVC Investigation against Bank Fraud
Kambhampati Dr. Hari Babu

Will the Minister of FINANCE be pleased to state:

(a) whether the Central Vigilance Commission has made it mandatory for Public Sector Banks to report it the instances of fraud involving over Rs. 1 crore; and

(b) if so, the details thereof and the action taken by the banks in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) & (b): Central Vigilance Commission (CVC) vide circular No. 001/MISC (V-3)/002 dt. 05.04.2002 has advised that Chief Vigilance Officers (CVOs) of the Public Sector Banks (PSBs) should personally monitor the cases relating to frauds of Rs. 1.00 crore and above, perpetrated with a criminal intention by any bank official, either alone, or in collusion with insiders/outsiders and ensure that departmental action is completed within a period of 4 months from the date of issue of charge sheet.
The CVC has also prescribed monetary limits to be followed while referring financial fraud investigations to the Banking Securities & Fraud Cell (BS&FC) unit of the Central Bureau of Investigation (CBI) and the Local/State Police. Accordingly, cases of Rs. 3 crore and above are to be referred to specified Branches of CBI whereas all cases below Rs. 3 crore are to be referred to the Local/State Police.
In all cases of fraud, the bank undertakes an investigation and takes action including fixing of the staff accountability as per the applicable disciplinary rules.

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